

## OIL AND GAS LEASE

THIS AGREEMENT made this 30 day of May 2008 between Margirene Keefe of  
8669 Kossuth Am. Rd., Spencerville, Ohio 45887

Telephone # 1-419-657-6576

Hereinafter called Lessor, and **MESCKO PRODUCING & OPERATING CO., INC.**, 3359 W. Britton Road, Burbank, OH 44214, hereinafter called Lessee, does witness:

1.) Lessor in consideration of the sum of ONE and no/100 Dollars (\$1.00), the receipt of which is hereby acknowledged and the covenants and agreements herein contained, does hereby grant unto the Lessee all of the oil and gas and the constituents of either, in and under the lands hereinafter described together with the exclusive right to drill and operate for, produce, and market oil and gas and their constituents, and the right to lay pipeline to transport oil and gas and their constituents from the lands leased hereunder and other lands, the right to build and install such tanks, equipment and structures ancillary thereto to carry on operations for oil and gas, together with the right to enter thereon at all times and to occupy, possess and use so much of said premises as is necessary and convenient for all purposes described herein.

2.) This lease covers the premises situated in the District of Franklin of Marshall, County of State of West Virginia, containing 126,500 acres, more or less, being all the land owned by Lessor in said township or adjoining said tract, bounded substantially as follows:

On the East by lands of: Ellis Rine

On the North by lands of: Riggenbaugh

On the South by lands of: Sam Reynolds Farm Southeast and Cunningham Southwest

One West by lands of: Davis/Anderson

The premises is included in the following permanent parcel(s):

The premises was conveyed to Lessor by Deed(s) Volume 412 , Page 335

3.) This lease shall remain in force for a primary term of Two years and as long thereafter as operations described above are being conducted on the premises; or oil or gas is produced.

4.) The royalties to be paid by Lessee are (a) oil, 12.5% of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor; (b) on gas of whatsoever nature or kind produced and sold, 12.5 % of the proceeds realized by Lessee from the sale thereof; (c) on gas of whatsoever nature or kind produced and used by Lessee (off the premises), 12.5 % of the price Lessee normally receives for sale of gas from the premises. The royalties shall be paid by Lessee within 20 days after Lessee receives payment therefore. In the event all wells on the leased property are shut in for any reason for a continuous period of six months, then on or before the end of each calendar year during which such wells are shut in, Lessee shall pay Lessor a shut in payment of One Dollar (\$1.00) per acre per year, prorated for the period such wells are shut in, and this lease shall continue in full force and effect as provided in paragraph 3 so long as such payments are made.

5.) If operations for a well are not commenced on the premises within TWELVE month(s) from the date of this lease, this lease shall terminate as to both parties unless Lessee on or before that date shall pay or tender to Lessor the sum of: ONE HUNDRED DOLLARS (\$100.00), which shall operate as a rental and cover the privilege of deferring the commencement of operations for a well for twelve (12) months from said date. Such rentals may, at the option of Lessee, be paid quarterly or annually. In like manner and upon like payments or tenders, the commencement of operations for a well may be further deferred for periods of the same number of months within the primary term of this lease. This and all other payments due under this lease shall be made by cash or check and shall be deemed tendered when either delivered to Lessor or any of them or mailed to Lessor or any of them at the above address. This lease shall not terminate for failure to pay said rentals unless Lessor gives Lessee or his assigns written notice of said failure and the rental due is not paid within ten days of the receipt of said notice by Lessee.

6.) If Lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals provided for herein shall be paid to the Lessor only in the proportion which his interest bears to the whole and undivided fee. In the event a well drilled hereunder is a dry hole and is plugged according to law, this lease shall terminate unless within twelve (12) months from the date of the completion of the plugging of such well, Lessee shall commence another well or unless Lessee pays delay rental as hereinabove provided.

7.) Lessor, may lay a line to the gas well on the premises at the location and in the manner designated by Lessee and LESSOR may take annually up to 300,000 cubic feet (total) of free gas produced from said well for use for heat and light in two dwelling houses located on said land, at Lessor's risk and liability, subject to the use and the right of abandonment and surrender of Lessee. If gas consumed exceeds the 300,000 cubic feet allocation then lessor's shall purchase all excess gas at well head price. Lessee shall have the right to use free of cost, gas, oil, and water found on said land for its operations thereon, except water from the wells of Lessor. When requested by Lessor, Lessee shall bury pipelines below normal plow depth in cultivated areas and shall pay for damage caused by its operations to growing crops and to fences on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of Lessor. Lessee shall have the right at any time during or after the expiration of this lease to remove all machinery, fixtures, and any other structures or improvements placed on said land by Lessee, including the right to draw and remove all casing.

8.) The rights of either party hereunder may be assigned in whole or part. No change in ownership of the land or the rentals or royalties shall be binding on the Lessee until Lessee has received notice and has been furnished with the written transfer or certified copy thereof. In the event this lease shall be assigned as to a part or as to parts of the above described lands, and the holder or owner of any such parts shall fail or make default in the payment of its proportionate part of the delay rental, such default shall not operate to defeat or affect this lease insofar as it covers a part or parts of said land upon which Lessee or any assignee hereof shall make due payment of said rentals.

*Lot. Mescko.  
3359 W. Britton Rd  
Burbank OH 44214*

9.) Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that Lessee, at its option, may pay and discharge any taxes, mortgages, or other liens existing, levied, or assessed on or against the said lands and production and, in the event it exercises such option, it shall be subrogated to the rights of any holder thereof and may reimburse itself from any payments due hereunder.

10.) This lease shall be subject to governmental rules or regulations, and this lease shall not be terminated, in whole or part, nor shall Lessee be held liable in damages, for failure to comply herewith, if compliance is prevented by, or such failure is the result of, any such law, rule or regulation. Lessor grants Lessee the authority to compromise or settle any disputes with governmental agencies relating to this lease or production therefrom.

11.) Lessee is hereby granted the right at any time to unitize the leased premises or any portion thereof, as to any or all strata or stratum, with any other adjacent lands for the production of oil and/or gas and/or the constituents of either. No such unit shall embrace more than 160 acres; provided that if any governmental regulations shall prescribe a spacing pattern for the development of the field, then any such unit may embrace as much additional acreage as may be so prescribed. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon, provided, however, that Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated in paragraph 4 as the amount of his acreage placed in the unit, or his royalty interest therein on an acreage basis, bears to the total acreage in the unit, and provided further that Lessor may take free gas as provided in paragraph 7 hereof from a unit well only if said well is located on lands actually owned by Lessor.

12.) Following completion of any producing well, Lessee shall a) fill all the pits used during drilling which are not required either for production purposes or by any government regulations; b) remove all concrete bases, drilling supplies and drilling equipment; and c) grade, plant and seed the area disturbed by drilling that is not required in production of the well, where necessary to bind the soil and prevent substantial erosion and sedimentation.

13.) Lessee may at any time surrender all or any part of this lease by delivering or mailing a release thereof to Lessor, or by placing a release of record in the proper county. After a partial surrender, the rental and shut in payments specified above shall be proportionately reduced on acreage basis.

14.) This lease and all its terms, conditions and stipulations shall extend to and be binding on all heirs, successors and assigns of Lessor or Lessee. This lease contains all of the agreements and understandings of the Lessor and the Lessee respecting the subject matter hereof and no implied covenants or obligations, or verbal representations or promises, have been made or relied upon by Lessor or Lessee supplementing or modifying this lease or as an inducement thereto.

15.) Should a well be drilled on Lessor's premises, and Lessee deems well to be a dry hole, Lessor shall have first right of refusal to buy the well bore at salvage value. Before plugging any producing well(s) on Lessor's premises, Lessee shall offer Lessor the first right of refusal to buy said well(s) at salvage value.

16.) Lessor shall be entitled to copies of any and all geophysical well logs from any well(s) drilled on Lessor's premises.

17.) Lessor shall be entitled to compensation for timber damage or shall be paid for the logs cut during building of the location and access roads to the drill site and gas line installation and sales meter site.

IF WELL SITE TO BE MUTUALLY AGREED TO BY LESSOR & LESSEE RNS MK 5/21/08  
N WITNESS WHEREOF, the undersigned have executed this instrument on the date appearing above. Signed and acknowledged in the presence of-

WITNESSES:

X

Sharon R. Slonaker  
Sharon R. Slonaker

Richard C. Slonaker  
Richard C. Slonaker

SIGNATURES:

X

Margirene Keefe

Margirene Keefe

STATE OF OHIO )  
COUNTY OF Allen ) SS:

The foregoing instrument was acknowledged before me this 2nd day of June, 2008. Sworn to and subscribed in my presence this 2nd day of June, 2008.

By Sharon R. Slonaker

JAN PEST  
MARSHALL County 12:29:59 PM  
Instrument No 1254217  
Date Recorded 06/19/2008  
Document Type O&G  
Book-Page 669-418  
Recording Fee \$5.00  
Additional \$6.00

Sharon R. Slonaker  
Notary Public  
My Commission Expires:

**SHARON R. SLONAKER**  
Notary Public, State of Ohio  
My Commission Expires 08-01-2011

This Instrument prepared by: Mescko Producing & Operating Co., Inc.  
3359 W. Britton Road  
Burbank, Ohio 44214

STATE OF WEST VIRGINIA, MARSHALL COUNTY, SCT.:

I, JAN PEST, Clerk of the County Commission of said County, do hereby certify that the annexed writing, bearing date on the 30<sup>th</sup> day of May, 2008, was presented for and by me, admitted to record in my office upon the above certificate as to the parties therein named this 19<sup>th</sup> day of June, 2008, at 12:29 o'clock P.M.

TESTE: Jan Pest Clerk.